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Approved For Release 2001/09/04 : CIA-RDP83-00423R00100019

The Port of Callao

South America's Most Modern Port in the Making

NAVY Declassification/Release Instructions on File



JUNE 1953

Approved For Release 2001/09/04 : CIA-RDP83-00423R001000190002-8

Background and Present Situation in the Port of Callao

Callao, the seaport for Lima and Peru's principal port, has excellent marine terminal facilities whose construction was completed by the Frederick Snare Corporation, an American firm, in October 1934. This Company administered and operated the port until it was reimbursed for construction costs, which took until 1 May 1943, at which time the Peruvian Government assumed direct administration of the terminal, this function being designated the responsibility of the Administración Portuaria of the Ministry of Finance and Commerce.

For several years the Port had been confronted with various problems of which port congestion appears to have been the outward manifestation of the various difficulties. Several studies had been made of the conditions existing under the Government's management and operation of the port; everybody admitted it was bad but little was done to alleviate the situation.

Finally, on 1 April 1951, the European Steamship Conference imposed a 25% Port Congestion Surcharge on all freight carried by member's vessels bound into Callao for discharge at that port.

Confronted with a situation calling for remedial action, the government following the recommendations of the Klein Economic and Financial Mission as well as those of Admiral Stanley, an American Expert, who came to Peru to study the Port Problem, took action by (a) authorizing an expenditure of \$ 1,000,000 for modern materials handling equipment for the port; (b) by deciding to obtain a foreign loan for this purpose and (c) by obtaining thru the firm of Klein & Saks of Washington D. C., (who were previously contracted by the Peruvian Government to furnish the above mentioned Economic and Financial Mission to Peru) the services of Col. Howard W. Quinn, USA Retired, an expert on organization, administration and operation of modern ports and an authority on modern cargo handling methods.

Colonel Quinn arrived in Lima on 22 April 1951 and after a brief survey of the port, found that the difficulties experienced in Callao in the past few years had largely been organizational problems that could be remedied without the expenditure of additional funds and that the reorganization recommended by him along with a modest and self-amortizing investment to modernize cargo handling methods would result in improvement of the port to the extent that it will be capable of rendering an efficient public service and an adequate financial return to the State.

It was then recommended that (a) the Government place immediate orders for materials handling equipment in order to mechanize general cargo handling operations in the port, (b) that a complete reorganization be effected in order to take the port activities out of politics and put the organization on a firm businesslike basis and (c) that the handling of bulk grain, the largest single item of cargo in Callao, also be modernized.

The Economic and Financial Mission handled all the technical details with the World Bank and succeeded in getting a clearance on a \$ 2,500,000 loan to not only modernize general cargo handling operations but in addition to provide modern bulk grain handling facilities for the port.

The Mission was then confronted with the task of drafting up the legislation required to eliminate legal barriers to progress and the appropriate legislation to establish a centralized port administrative agency capable of carrying out the recommended reorganization and making a profit on its operations even while amortizing the cost of modern equipment thru repayment of the loan.

The solution of these two high level problems of financing and legislation involved a third and far reaching problem of particular significance to foreign capital. This was the settlement of Peru's International Debt. Thru a series of negotiations the Peruvian Government and the United States interests represented by the Foreign Bond Holders Protective Council reached an agreement and the Peruvian Congress passed the necessary laws to enable the agreement to be carried out.

By July 1952 all the high level problems had been resolved and on July 16th the Board of Directors of the Port of Callao Authority was installed. In its first session the Board approved and ordered executed the Port Modernization and Mechanization Program presented by Col. Quinn, who in the meantime had been appointed Executive-Director of the Port Authority.

POR T MODERNIZATION AND MECHANIZATION PROGRAM

The highlights of this program are as follows:

Projects:

Three projects comprise the program:
1. General Cargo Handling Project

2. Bulk Grain Project (which includes dredging the harbor).
3. Organization Project.

Finances:

A resume of the financial status of the Program is given in Appendix "A".

I. General Cargo Handling Project

This project includes the following:

- 1) Purchase of the necessary materials handling equipment to mechanize general cargo handling operations in the port.
- 2) Purchase of pallets, pallet racks and the purchase and/or fabrication of the necessary stevedoring gear and equipment to enable the port to obtain the most effective use of the new equipment.
- 3) Purchase of the necessary shop tools and equipment to efficiently maintain the new materials handling equipment.
- 4) Repair of existing piers, warehouses, buildings, roadways, etc. to correct the deficiencies resulting from long neglect of maintenance of port facilities, buildings and structures.
- 5) Installation of the pallet rack system in pierside warehouses plus other modifications which will provide the Port of Callao with four of the world's most modern general cargo berths.
- 6) Creation of additional open storage space by paving three available areas and the creation of additional hard-stands by filling, leveling and rolling various areas where the costs involved were comparatively small.

II. Bulk Grain Project

This involves the installation of a modern port terminal grain elevator with a storage capacity of 20,000 tons of wheat. The facility will be provided with two ship discharge towers with a total capacity of 300 tons per hour. The necessary provisions will be made for discharge to railcars and trucks simultaneously and will provide for the automatic weighing of the grain.

In order to accommodate a full ship at the site selected as the bulk grain berth, dredging will be necessary and since the port has been neglected for a number of years, the entire harbor will be dredged.

III. Organization Project

This project was foreseen to be a most formidable and difficult task and in attempting to carry it out the responsible personnel were to find that this forecast was certainly a modest estimate of the situation.

Had it been possible to start from the beginning with an entirely new organization and a new

labor force the problem would have been greatly simplified. However, that was not possible.

In order to fully appreciate the magnitude of this problem the following excerpt from the Economic and Financial Mission's Organizational Report on the Port of Callao is given:

"A number of distinct agencies are concerned with operations in the Port of Callao. The Administración Portuaria, upon which entity devolves the responsibility for the administration of the Terminal Marítimo exercises remote control in varying degrees over the Terminal administration; the Customs Service is in reality the terminal operator as it is the agency that handles all cargo movement in the warehouses, the Navy controls port labor, the steamship companies control the stowage and discharge of cargo aboard their own vessels and the various shippers and consignees load and discharge their own vehicles in various parts of the terminal; along with this a conglomeration of various categories of cargo handlers known as fleteros, cargadores, bajadores, supernumerarios, etc., operate to varying degrees and under no real control or supervision.

In addition, the regular police, customs guards, terminal guards, private guards and detectives, all operate in the terminal under no apparent control nor co-ordination of their various activities.

"In summary the cold facts are that (1) Although the port administration has an unusually large regular payroll (all personnel receive overtime pay and some individuals receive far more overtime pay than regular salary per month), it has relatively few operational functions to perform. (2) Although a high port congestion surcharge has been placed on some cargoes discharged at Callao, there is cargo, now occupying warehouse space in the Terminal, that was landed there from five to ten years ago. (3) Although there are numerous uniformed police and guards in the installation, unauthorized personnel and vehicles are allowed to go anywhere at will; there is no control of traffic and (4) Although dangerous cargoes are discharged in the terminal there is no fire department and no evidence of fire prevention measures being carried out."

Confronted with this situation the Port Authority had to assume jurisdiction over the old personnel and take over the property involved with a very reduced staff and, step by step, as opportunity afforded, had to carry out its reorganization program. This had to be carefully regulated so that it would not in any way interfere with normal port operations.

To obtain any semblance of order from a group who had done very much as they pleased for a number of years was a difficult undertaking, but, in addition to this, every step of the reorganization has continuously been confronted with almost unsurmountable obstacles such as political interference and the opposition of many types of vested interests. But in spite of these difficulties excellent progress has been made to date.

The Port Authority is now organized along functional lines quite similar to the general type of organization used by the more successful centralised port administrative agencies in the United States. (See Organizational Chart, Appendix "C".)

PRESENT SITUATION — ACCOMPLISHMENTS OF THE PORT OF CALLAO AUTHORITY

1. The present situation may best be summed up by stating that had the Peruvian Government not taken the steps it did and had the Port Authority not have already accomplished its first objective, the Port of Callao would presently be so

hopelessly congested that all the Steamship Conferences, whose members vessels service the Port of Callao, would have been completely justified in establishing an additional Port Congestion Surcharge on the Port.

As it is, the Port Authority is now petitioning the European, South Pacific and Magellan Conference for the removal of the 25% Port Congestion Surcharge that has been in effect since April 1951 and is completely justified in so doing. (Note.—Chairman of the Conference advised the Port Authority by cable on June 8, 1953, of the removal of the Surcharge, effective June 15, 1953).

2. The Port Authority's accomplishments can well be appreciated by a comparison of the conditions formerly existing in the Port as compared with present conditions, some of which are illustrated in the accompanying photographs.

APPENDIX "A"

PORT OF CALLAO AUTHORITY

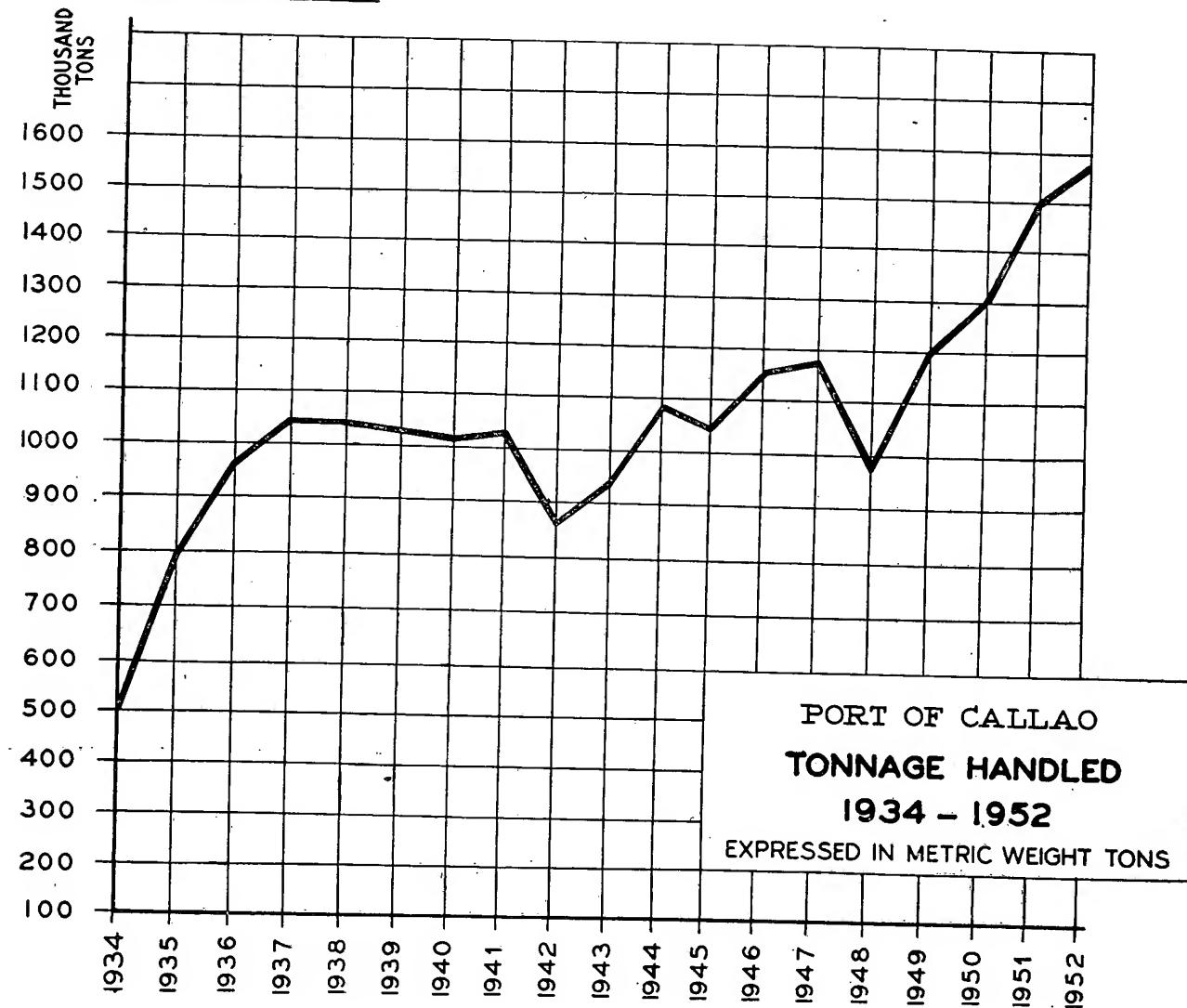
Port Modernization and Mechanization Program

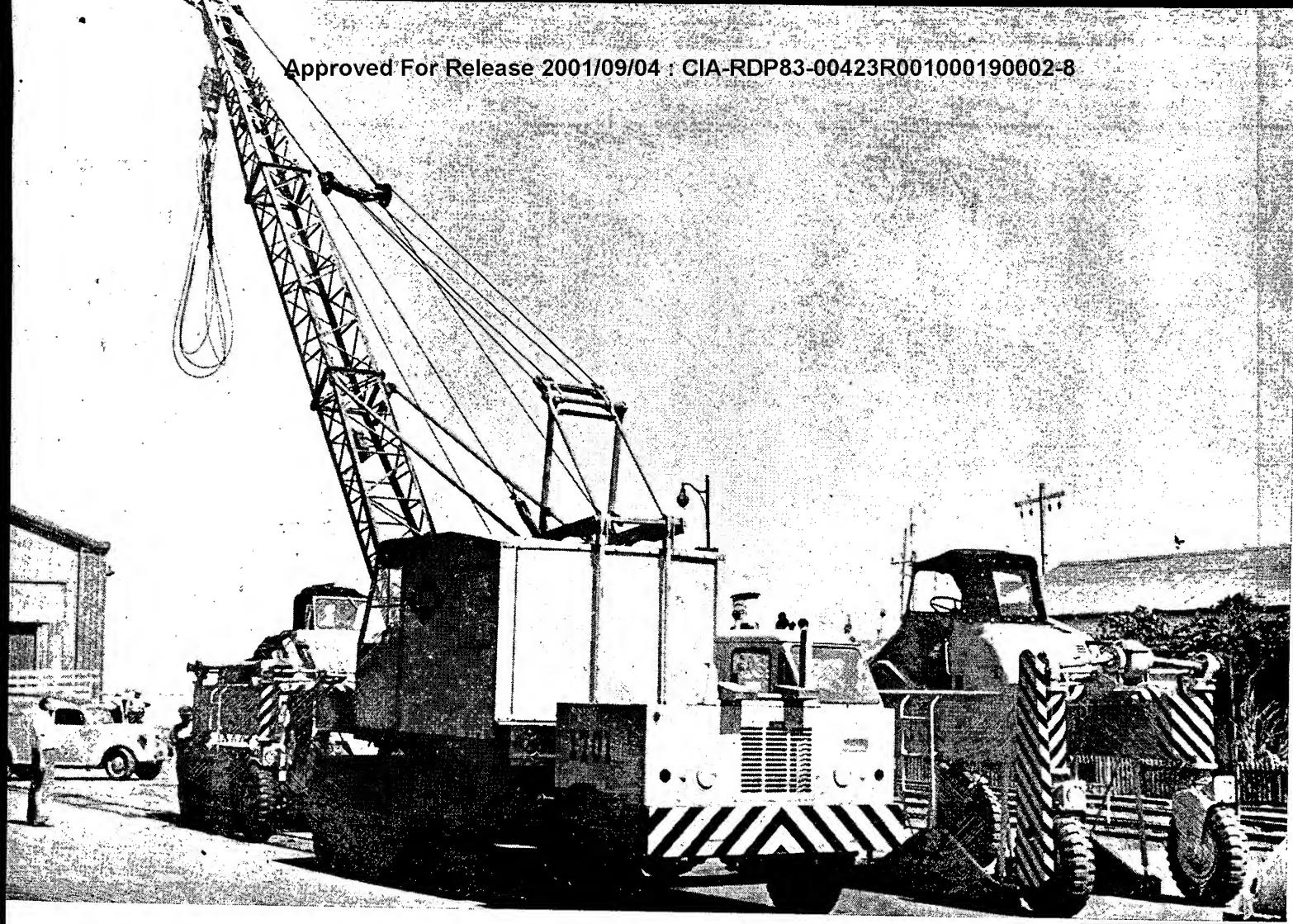
FINANCIAL STATUS

Project	Estimated Expenditures (Expressed in Dollars) (a)		Funds Obligated to Date (Expressed in Dollars)		Funds Allocated in 1953 Budget (Expressed in Dollars) (d)
	Loan Account	Local Currency	Loan Account	Local Currency	
I. General Cargo Handling Project	\$1,000,000	\$ 150,000	\$ 979,956.30	\$ 30,000	\$133,333
II. Bulk Grain Project	\$1,500,000	\$1,300,000	\$ 65,000.00	\$370,180.15	\$533,333
III. Organization Project	None	\$ 150,000	None	\$ 25,000	\$120,000
TOTALS	\$2,500,000 (b)	\$1,600,000 (c)	\$1,044,956.30	\$425,180.15	\$786,666

a) Exchange Rate of S/. 15 to US\$1 used in all calculations in this Report.
 b) Loan PE-57 with International Bank for Reconstruction and Development signed 23 Jan. 1952 for \$2,500,000.
 c) Working Capital Fund Port of Callao Authority deposited in Banks in Peru total S/. 20'651,085.80 (US\$1'376,739.05).
 d) 1953 Expenditures to be defrayed from Revenues collected without touching Working Capital Fund referred to in (c) above.

APPENDIX "B"



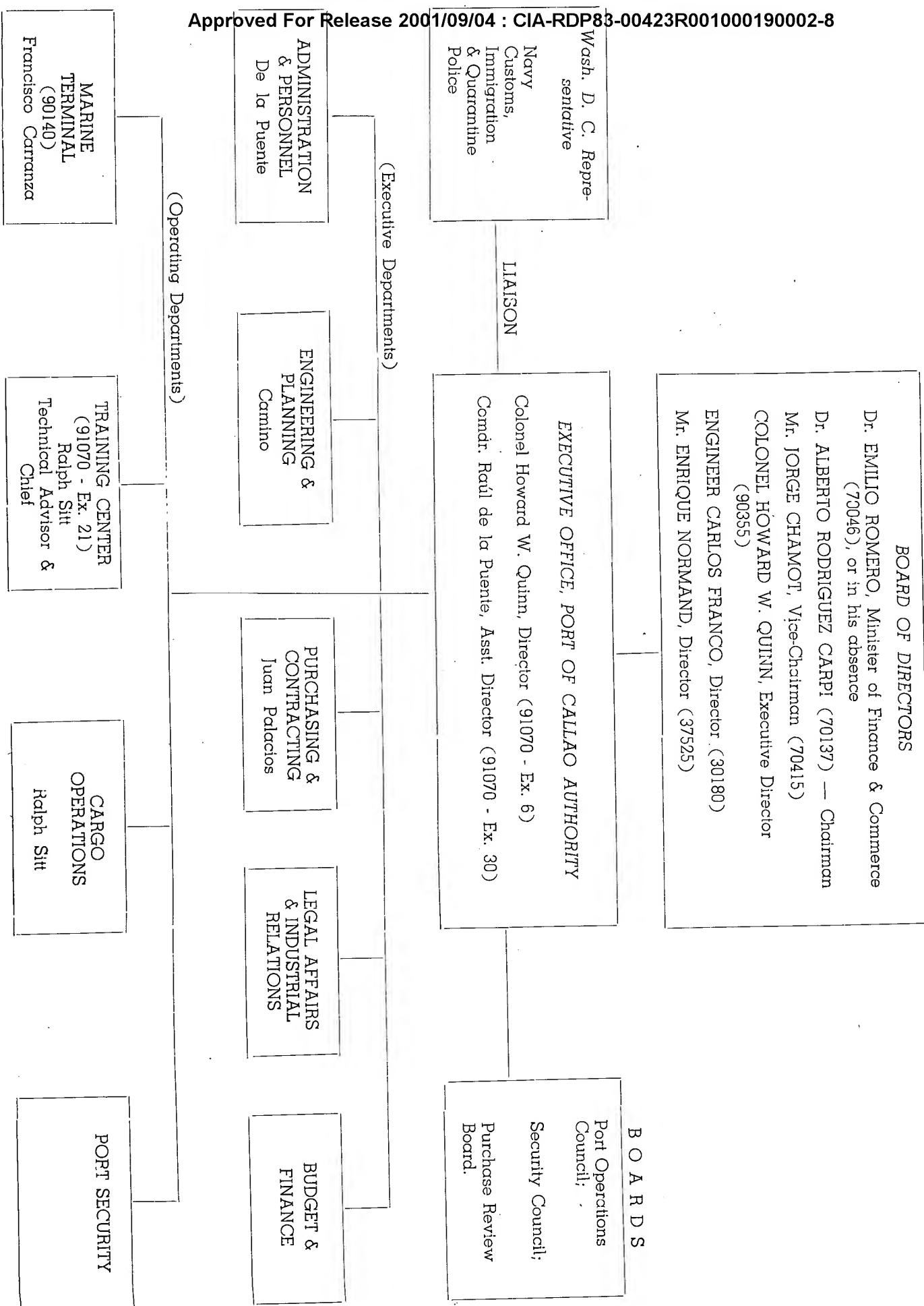


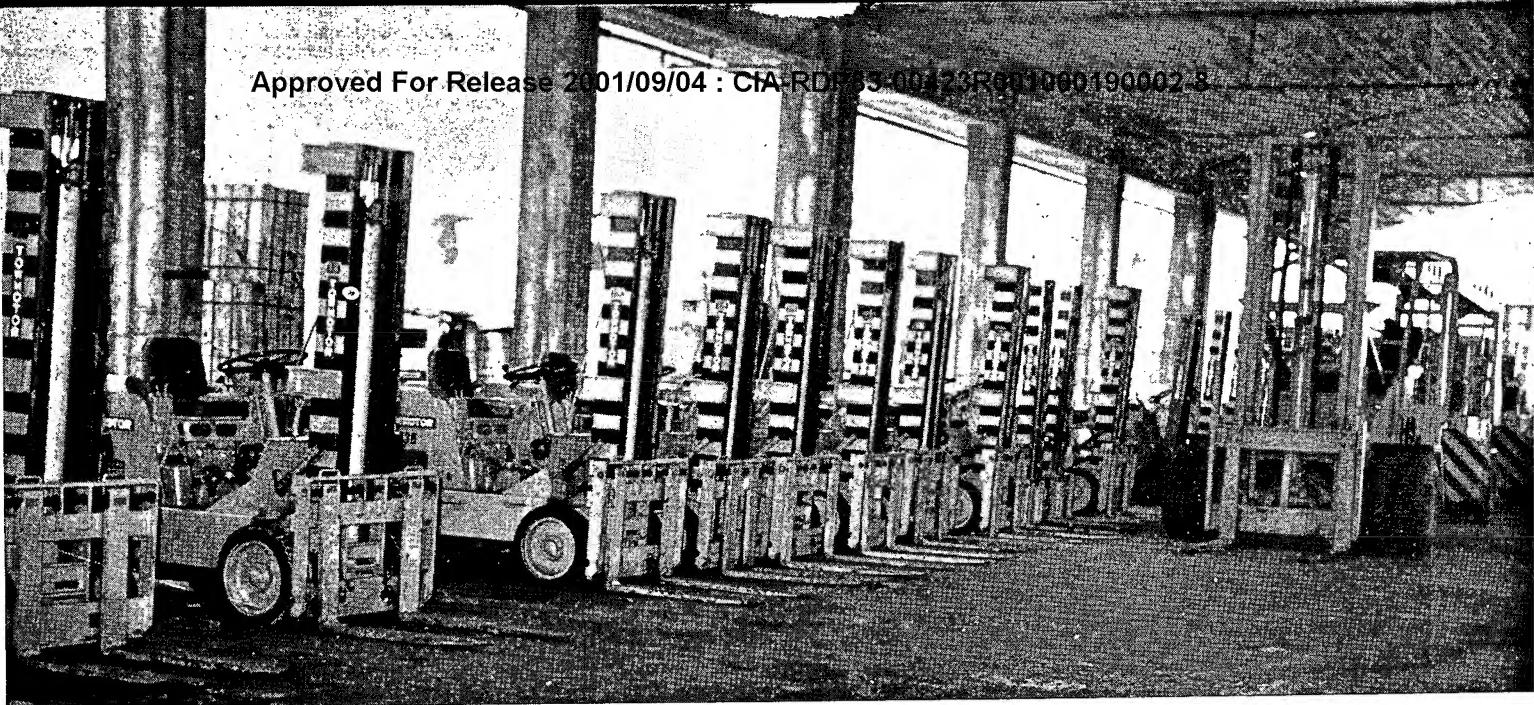
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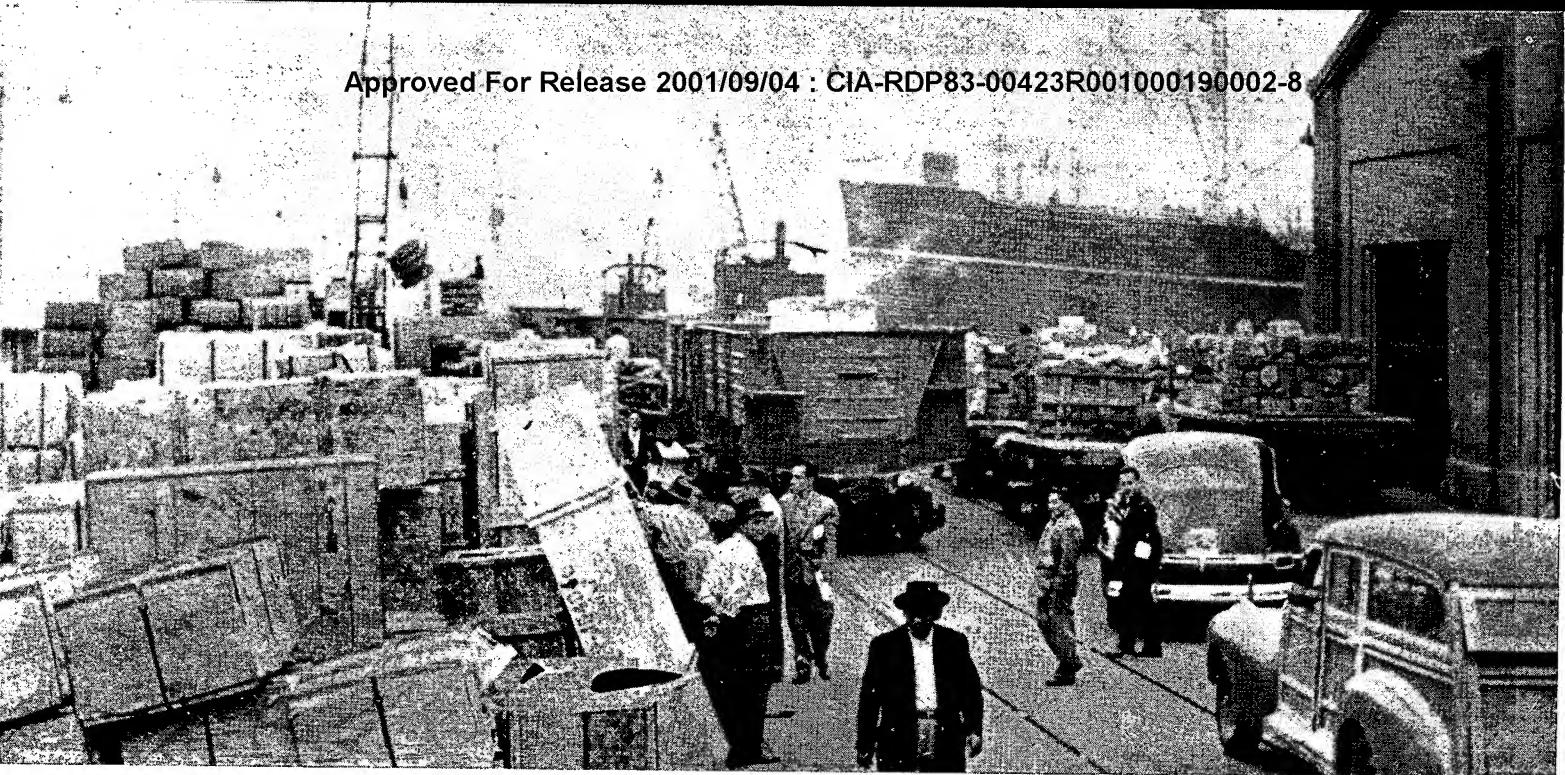
New Materials Handling Equipment.

PORT OF CALLAO AUTHORITY — ORGANIZATION

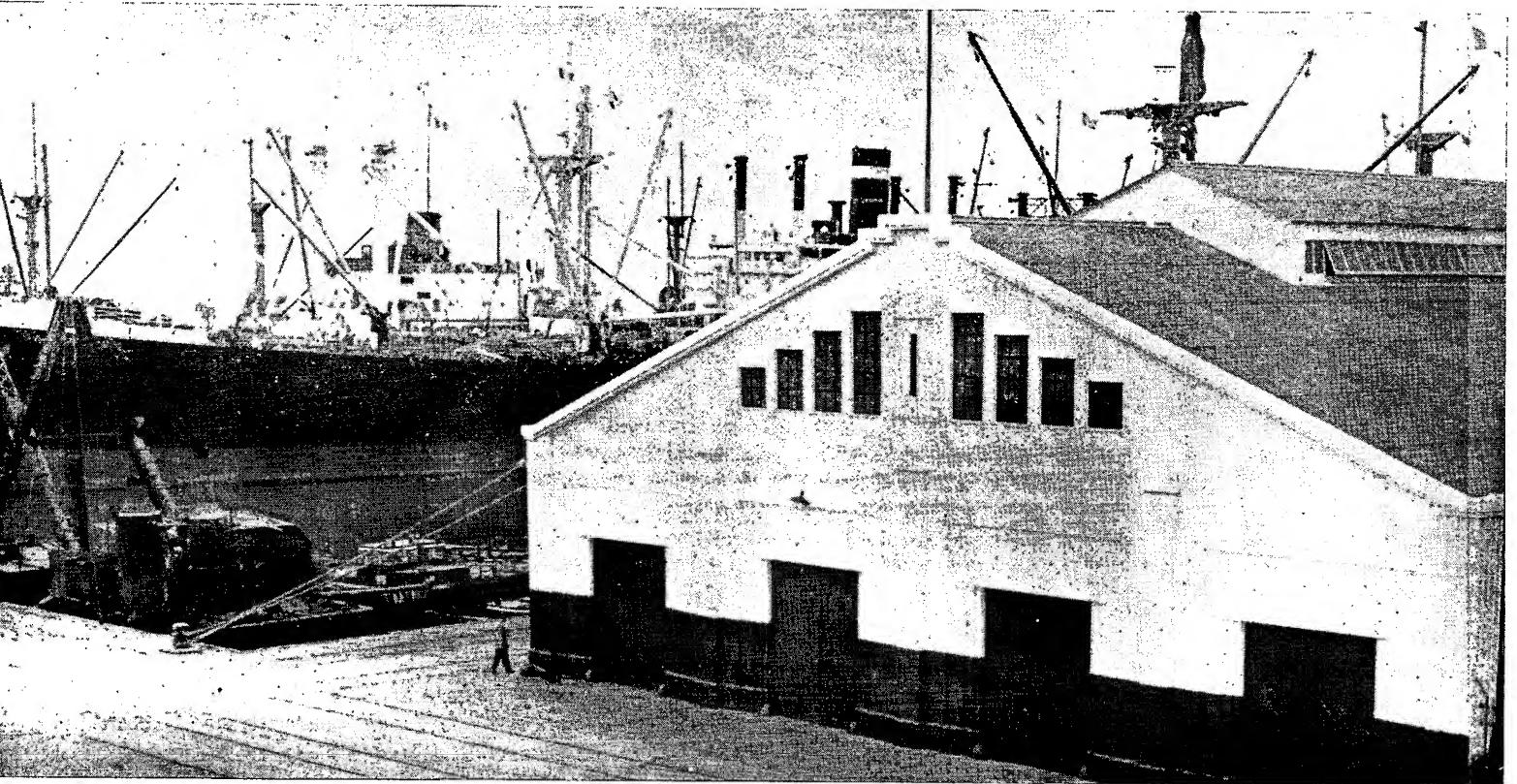




New Materials Handling Equipment.



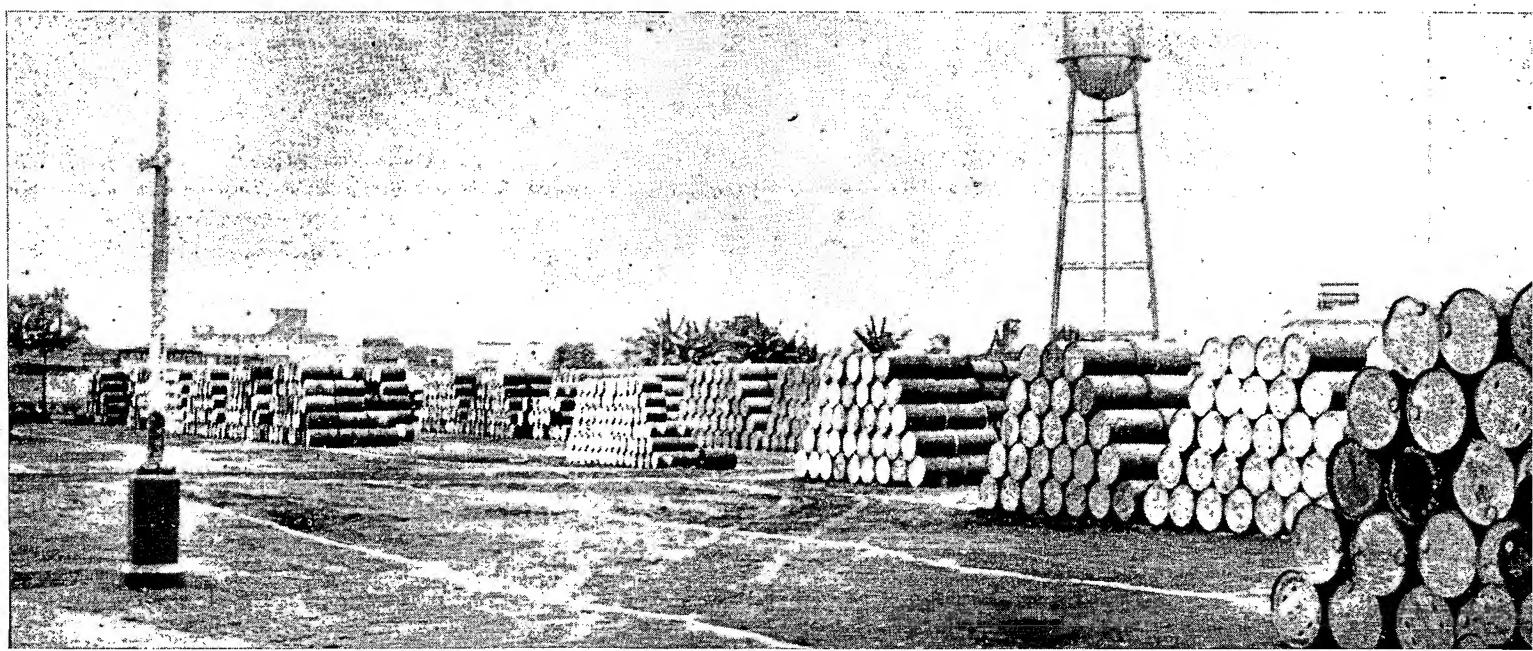
Before: Scene in front of the main piers, showing general confusion, congestion and lack of traffic control, Sept. 1, 1951.



After: One of the world's most modern cargo berths.



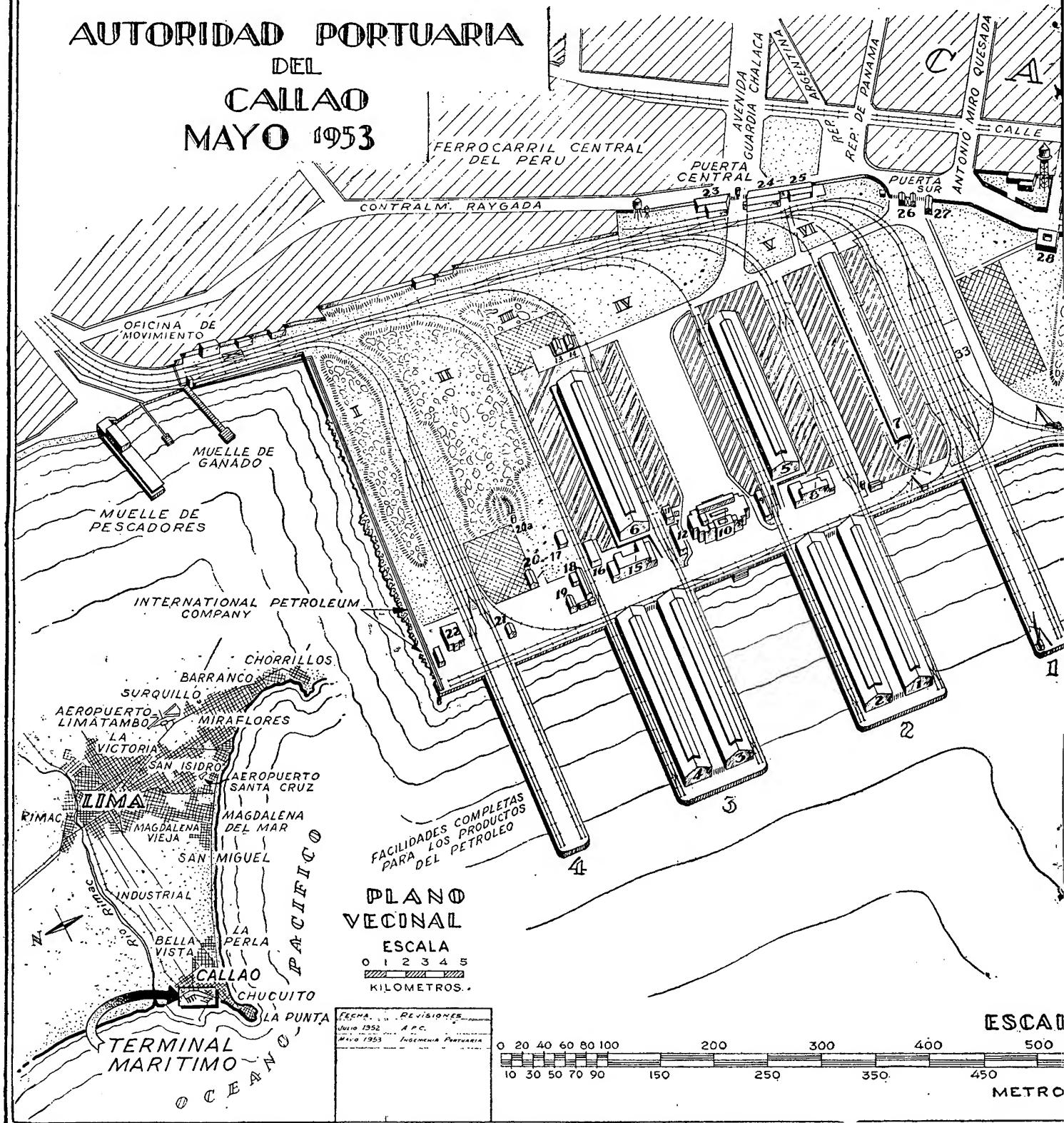
Before: Fire Hazards: Storage of drummed petroleum products and general cargo in an oily lake.



After: Drummed petroleum products segregated by lot and stored in an isolated area.

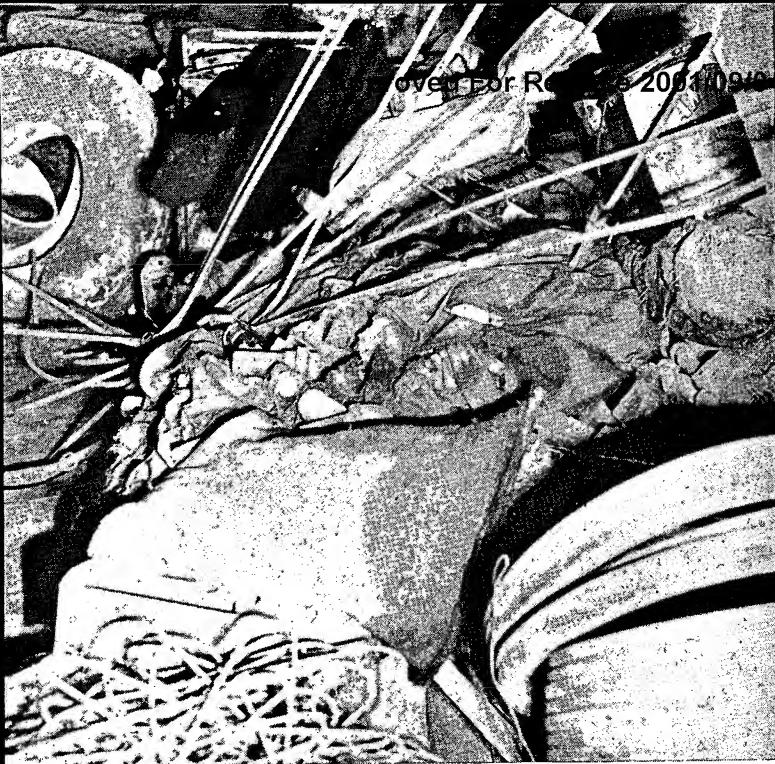
TERMINAL MARITIMO CALLAO

AUTORIDAD PORTUARIA
DEL
CALLAO
MAYO 1953



Maritime Terminal at the Port of Callao, with inset map lower left, showing the location of the terminal.

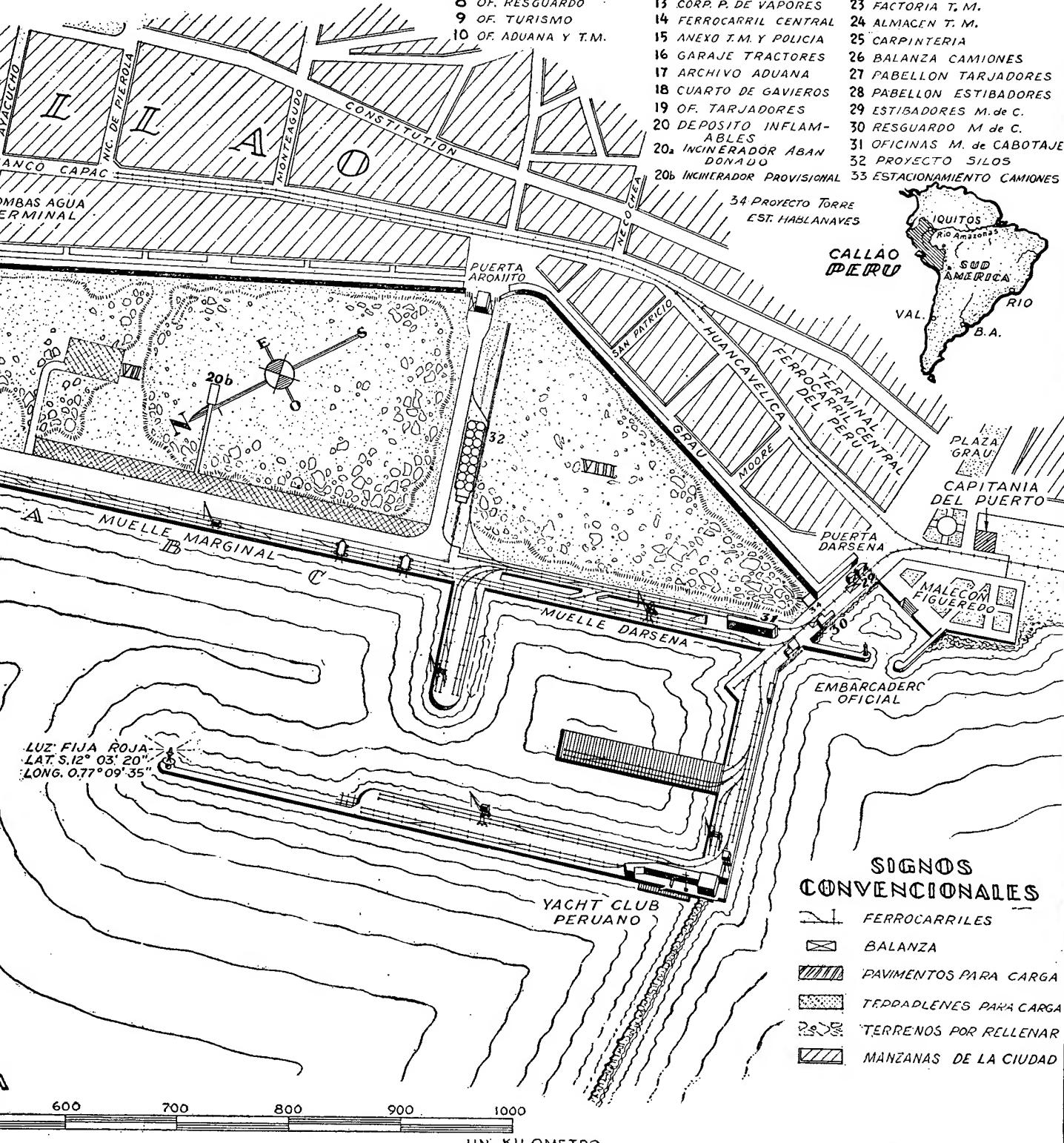
Before: Accumulations of junk and abandoned cargo in warehouses, August 1951.



After: Warehouses used for intransit cargo.

AO
LISTA DE LOS EDIFICIOS

1-6 ALMACENES
 7 COBERTIZO-ALMACEN
 8 OF. RESGUARDO
 9 OF. TURISMO
 10 OF. ADUANA Y T.M.
 11 OF. PERSONAL T.M.
 12 OF. TRABAJOS MTOS.
 13 CORP. P. DE VAPORES
 14 FERROCARRIL CENTRAL
 15 ANEXO T.M. Y POLICIA
 16 GARAJE TRACTORES
 17 ARCHIVO ADUANA
 18 CUARTO DE GAVIEROS
 19 OF. TARJADORES
 20 DEPOSITO INFLAMABLES
 20a INCINERADOR ABAN DONAU
 20b INCINERADOR PROVISIONAL
 21 TALLER ADUANA
 22 SANIDAD VEGETAL
 23 FACTORIA T. M.
 24 ALMACEN T. M.
 25 CARPINTERIA
 26 BALANZA CAMIONES
 27 PABELLON TARJADORES
 28 PABELLON ESTIBADORES
 29 ESTIBADORES M. de C.
 30 RESGUARDO M. de C.
 31 OFICINAS M. de CABOTAJE
 32 PROYECTO SILOS
 33 ESTACIONAMIENTO CAMIONES
 34 PROYECTO TORRE
 EST. HABLANAVES



Lyman W. Bosserman
CARTOGRAFO

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Location of Callao with relation to Lima and its surrounding residential suburbs.



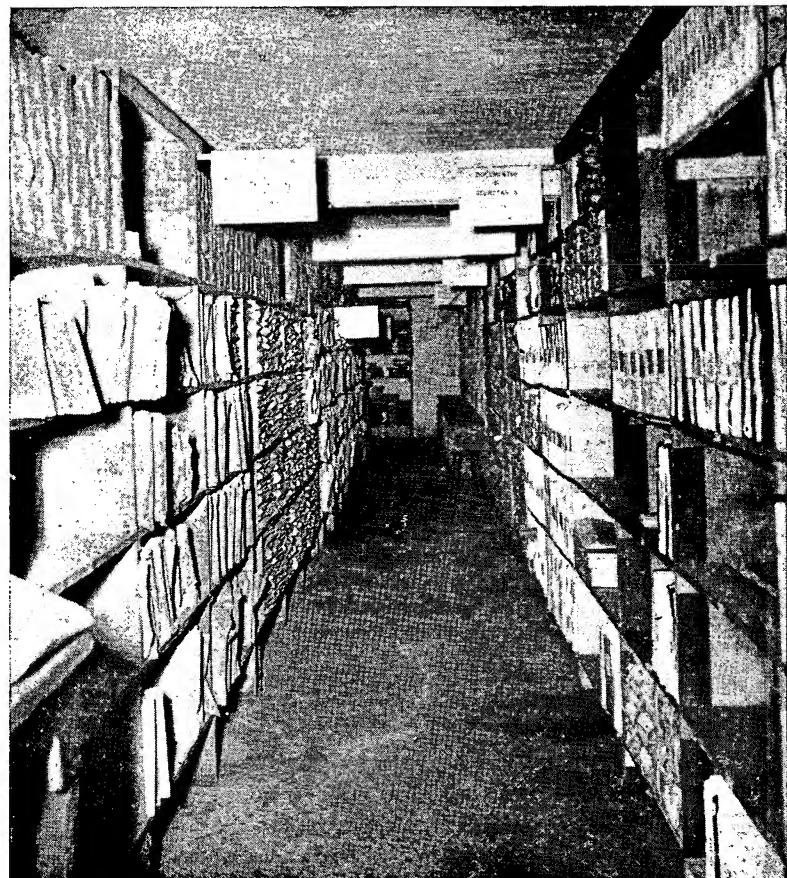
Before: Cargo landed in 1936, still occupying valuable warehouse space, August 1951.



After: Warehouse space used for intransit cargo.



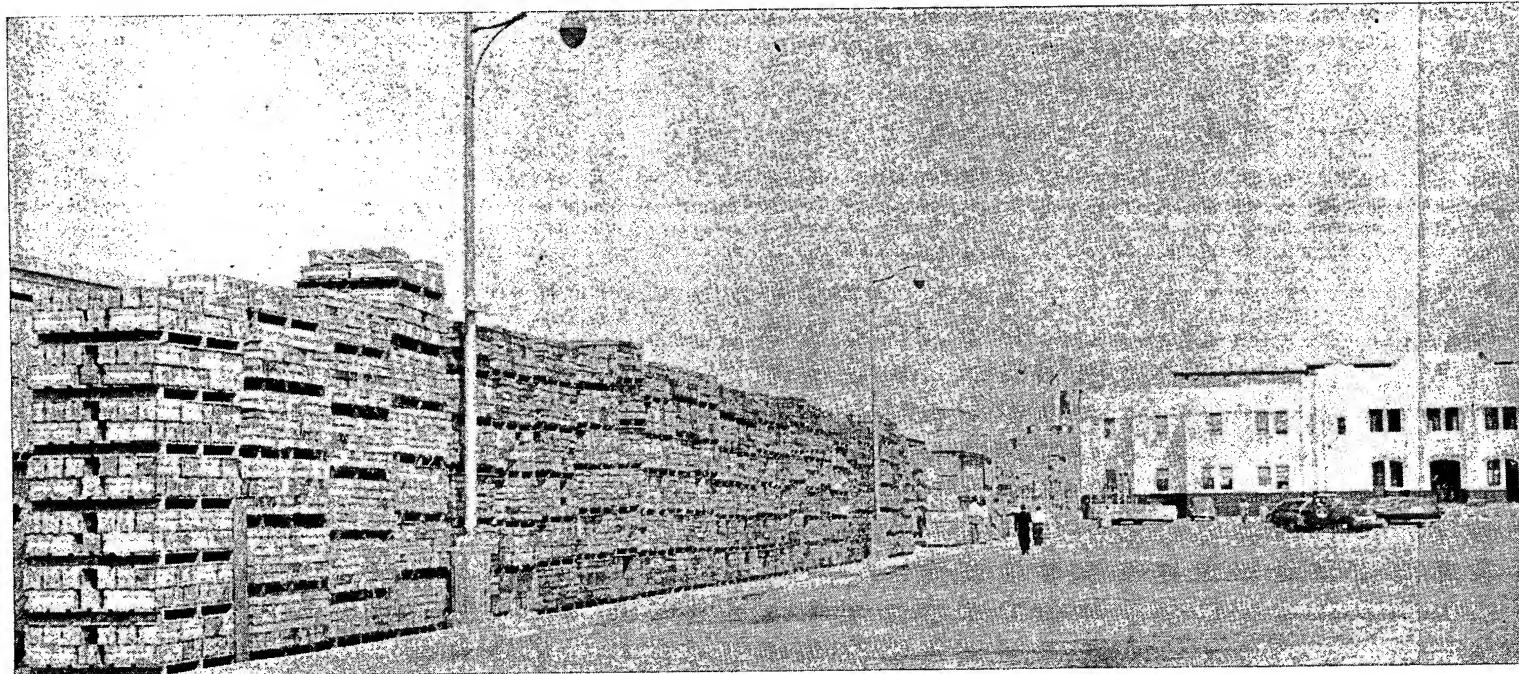
Before: Storage of official documents outside of main offices, May 1952.



After: Central Archive, Port of Callao
Authority.



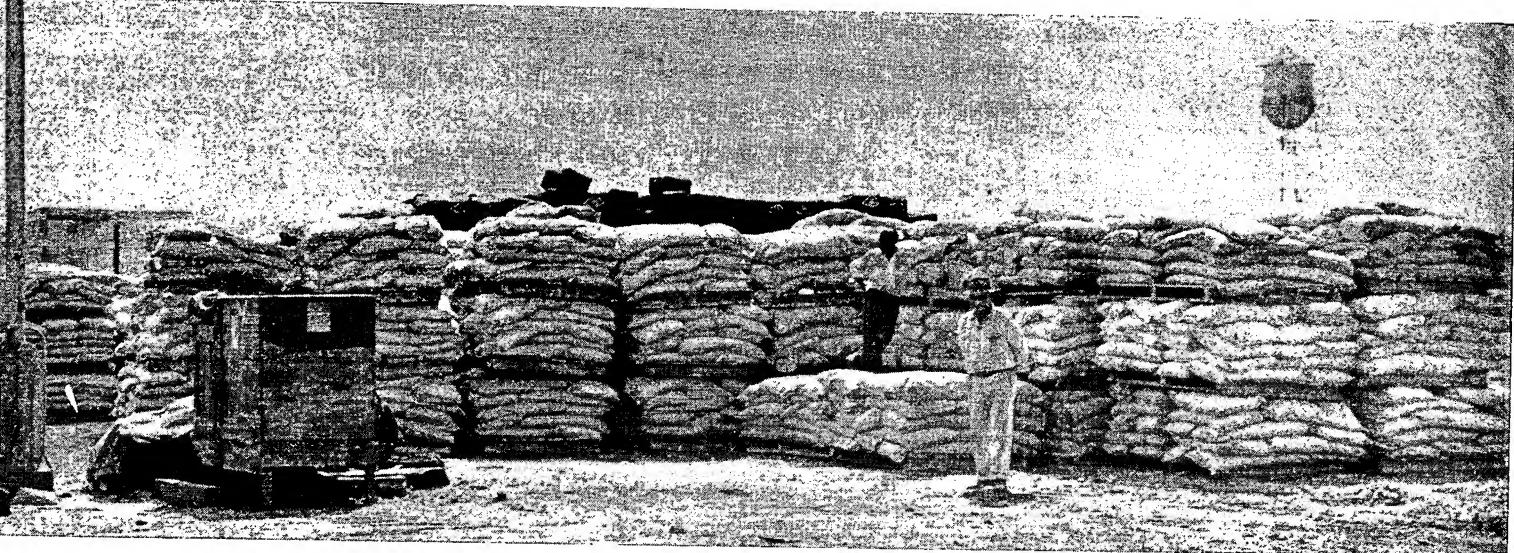
Before: Port congestion, cargo stacked in vehicle parking place, May 1952.



After: Parking space completely free.



Before: Mishandled shipment of cement bags.



After: Handling of cement bags by pallets.



Before: View of cargo mishandled.



After: View of cargo space today.



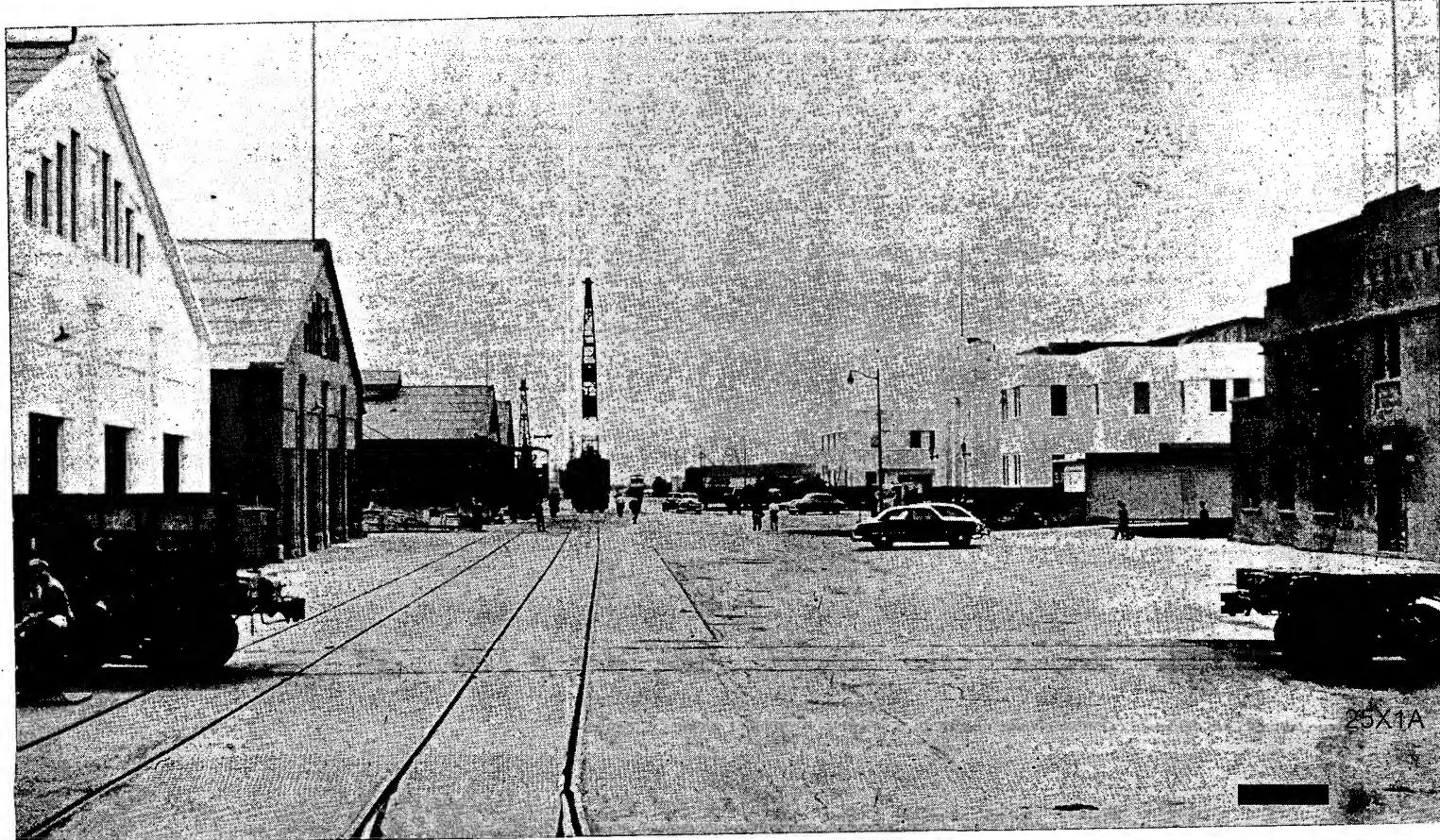
Before: View of cargo mishandled.



After: View of similar cargo today.



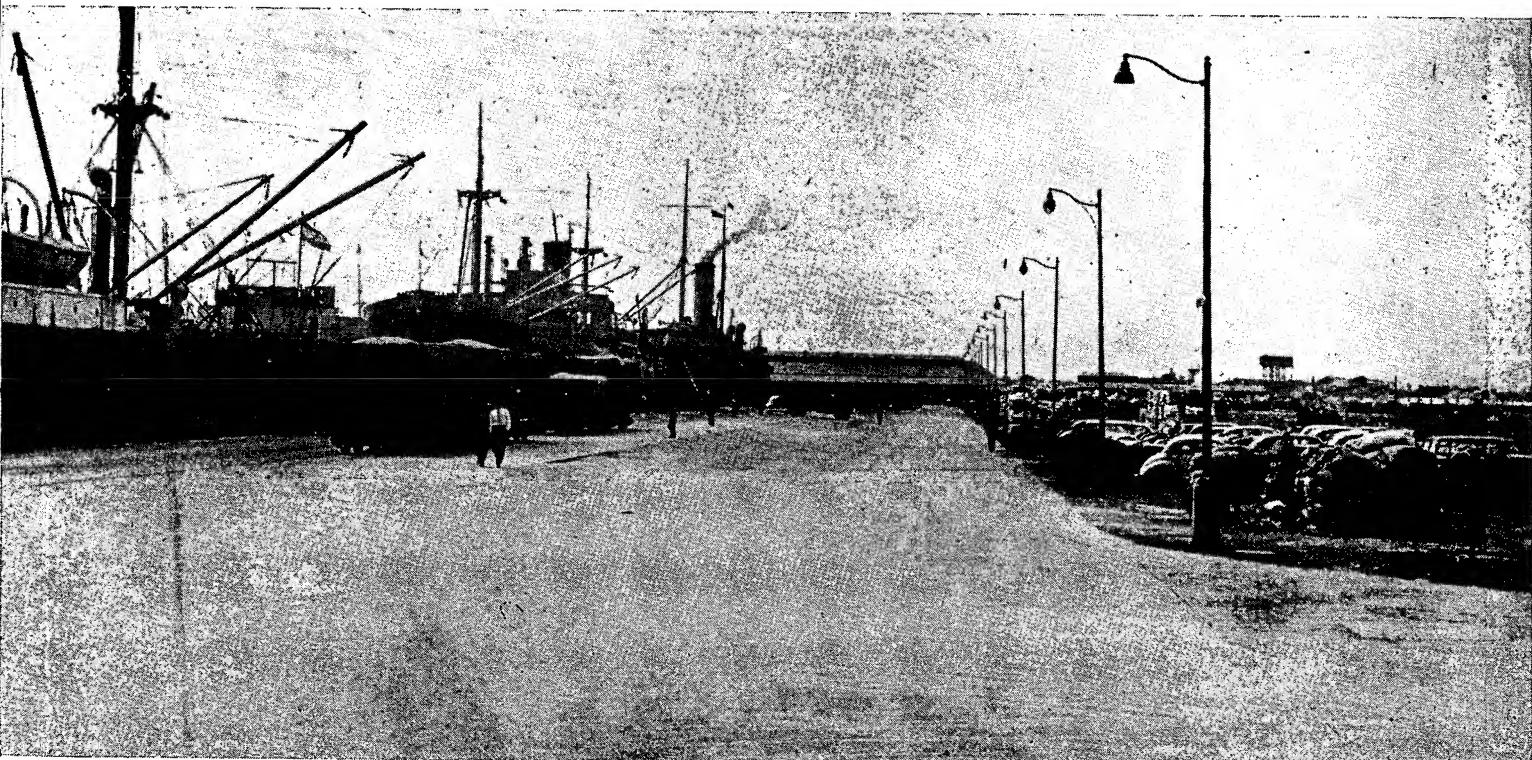
Before: Congestion in front of Main Buildings.



After: Congestion removed in spite of increased tonnage handled. 25X1A



Before: Congestion on Long Wharf.



After: Long Wharf cleared of cargo.



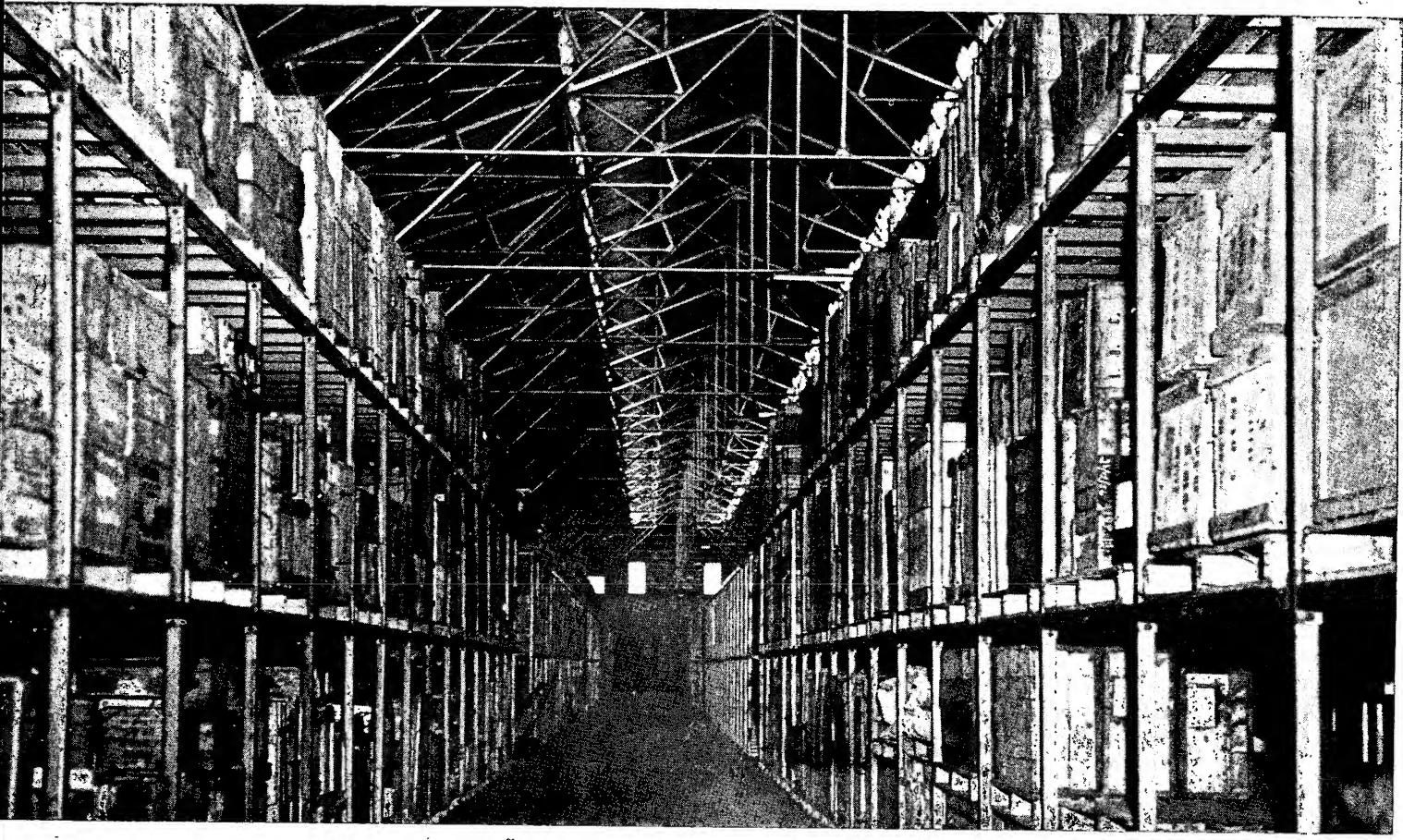
Before: Warehouse Operations. Cargo manhandled with considerable cargo damage and poor utilization of available storage space. In this type of operation it was difficult, if not impossible, to locate a given shipment.



After: Warehouse Operations. Use of the Pallet Rack System and Mechanical Handling. This type of operation is speedy and reduces cargo damage as well as facilitating location of cargo.



Before: Warehouse Operations. Poor space utilization — Manhandling — Cargo Damage — Impossible to locate given shipment.



After: The modern Pallet Rack System, giving excellent space utilization for small lots and general cargo (Retail Phase of the Operation). Palletized large lots are stored in the open area at the far end of the warehouse. (Wholesale Phase of the Operation).

25X1A

2293 — Editora Médica Peruana S. A. - Azángaro 906 - Lima.

CC

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SECURITY INFORMATION

Name of Port Callao, Peru. Lat. 18-40 S. Long. 77-11 W.
Name of Vessel U.S.S. Goss DE 444 Nationality U.S. Navy
Length of Vessel 306 Ft. Greatest draft while in port 14 Ft.
Name of Master J.A. Henning, captain. Date of observation 29 June 1953.

Sailing directions used in entering port:

Volume, name and no. HO 174 Publisher HO Date 1936
Date of most recent correction 22/53 Publisher Hydro Office
Chart used: Name Port of Callao No. HO 5655
Publisher Hydro Office Date latest correction NM 22/53.

INSTRUCTIONS: Indicate answers by check marks or brief phrases. Present only information based on your own experience.

1. Pilotage

a. Are pilots available? Yes x No _____
b. Will pilots take vessels in at night? Yes x No _____
c. Was pilotage compulsory for your vessel? No _____
At all times _____ In bad weather _____ At night _____
d. Is pilotage desirable though not compulsory? Yes x No _____
Under what conditions? _____
e. Where do pilots board vessel?
Location At entrance buoys. Bearings _____
f. Description of pilot boat Small launch.
g. Signals shown by pilot boat None.

2. Formalities

a. Is this a "first port of entry" for overseas vessels? Yes No x
b. Where do customs, health and other officers board incoming vessels?
Location None boarded. Bearings _____

3. Critical areas in harbor or entrance

a. Nature of critical features (least depth encountered in reaching berth, crooked channel (in terms of maximum length of ship or radius of turn) etc.) Narrow breakwater entrance.
b. Locations of critical features _____
Bearings _____
c. Navigational aids associated with these features _____
Breakwater entrance is lighted & marked plainly.

4. Bridges

a. Did your vessel pass under a bridge or bridges in reaching berth?
Yes _____ No x How many? _____

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Encl: (1)

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Name _____ Location _____ Bearings _____
Type of span over channel: Draw _____ Fixed suspension, etc. _____
Width of channel under bridge _____ ft.
Clearance under span _____ ft.
At the level of _____ (MHWs etc.)
Navigational aids for bridge _____

Note: If your vessel passed under more than one bridge, record information as above for other bridges at end of this form.

5. Overhead cables

b. Did your vessel pass under an overhead cable? Yes No
b. Clearance under cable ft
At the level of MHWS (cc)

6. 'Fugs

a. Were tugs used to assist your vessel in entering port? Yes No
b. For berthing or shifting your vessel? Yes No
c. Power of tugs. Known Estimated
d. Did you see tugs assisting other vessels:
In entering port? Yes No
In berthing or shifting position? Yes No
Kind of vessel assisted by tug's)
(cargo carrier, tanker, etc.) Length of vessel

7. Anchorage

- a. Where did your vessel anchor? SE Bearings --
- b. Depths --
- c. Holding ground: Good -- Fair -- Poor --
- d. Holding ground material --
- e. Best anchorage: Location -- Bearings --
- f. Reliability of anchorage bearings in sailing directions:
Good -- Fair -- Poor --
- g. Features of shelter not shown on chart or mentioned in sailing directions

8. Moorings

a. Did your ship use moorings? Yes No
b. Manner of mooring backing pier
c. Location of berth outside pier
d. Bearings of berth
e. Length of berth about 700 ft. Depth
f. Maximum capacity of buoys or dolphins in terms of size of vessel

9. Lighterage

a. Are lighters available in port? Yes No
b. Did your ship use lighters? Yes No
c. Type and capacity of lighters Normal size Extra large Water barges

d. Number for your vessel 18732 Approved For Release 2001/09/04 : CIA-RDP83-00423R001000190002-8

e. Condition of lighters Good Fair Poor

f. Quality of service Good Fair Poor

g. Undesirable features of service None

10. Wharf

	Berth Used	Berth Ahead (or other)	Berth Aft (or other)
a. Wharf name	tier 4	none	none
b. Location	inside end	"	"
c. Side	South	"	"
d. Type	concrete		
e. Construction	normal		
f. Length	700 ft		
g. Depth alongside (re. chart datum)	34 ft		
h. Height of deck (re. chart datum)	40 ft		
i. Apron width	144 ft		
j. Cranes			
Type	small truck		
No. of this type	about six		
Kind of power	diesel		
Max. lift	25 ton		
Max. radius	80 ft		
Max. hoist	---		
Type			
No. of this type			
Kind of power			
Lift			
Radius			
Hoist			
Other cranes			
k. Other cargo handling equipment (Specify)			
l. Stevedores	Plentiful both day & night.		
Availability: (day, day & night)			
Size gangs			
Efficiency			
m. Transfer sheds			
Floor area	over main sheds.		
Stacking height	About one sq. mi.		
Floor area	About 20 ft.		
Stacking height	4-400-175 ft sheds.		
	About 60 ft.		

11. Wet Basins

a. Does the port have a wet basin? Yes Yes No No

b. Name Location

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c. Open from _____ hr. _____ min. before high tide to
hr. _____ min. after high tide.

d. Plane of reference for depths _____

12. Berthing and turning

a. Location of turning areas Inner harbor off pierheads.

b. Did you have unusual shiphandling difficulties in berthing or turning?
Yes No X

c. Unfavorable winds or currents none

d. Other difficulties _____

13. Utilities

a. Drinking water

Quality: Potable Fair Requires chlorine (treatment)
Supply: Abundant Generally adequate Limited X
Method of delivery: by pipe by lighter X
Rate of delivery app.1000gals. gallons per hr.

b. Boiler water

Quality: Good -- Fair -- Poor --- Hard --- Saline
Supply: Abundant -- Generally adequate Limited
Method of delivery: by pipe by lighter
Rate of delivery gallons per hr.

c. Electricity: AC -- DC -- Voltage . If AC: cycles phase
d. Steam

Available at your berth? Yes No

14. Fuel

a. Fuel oil

Supply: Abundant X Generally adequate Limited
Method of delivery: by pipe X by lighter
Rate of delivery 20,000 gallons per hr.

b. Diesel oil

Supply: Abundant -- Generally adequate -- Limited
Method of delivery: by pipe by lighter
Rate of delivery gallons per hr.

c. Bunker coal

Supply: Abundant -- Generally adequate Limited --

15. Supplies

a. Engineering supplies available? Yes ? No ?
Adequate for ordinary needs? Yes No

b. Deck supplies available? Yes No
Adequate for ordinary needs? Yes No

c. Provisions available? Yes X No
Adequate for ordinary needs? Yes X No

Type of provisions bread & fresh milk were taken by this vessel

Quality of provisions good

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16. Communication [Redacted]
a. Telegraph Yes No _____
b. Telephone Yes No _____

17. Clearance Facilities

a. Railroad

Small narrow gage railroads were observed.

Number	Tracks		
	On Apron	Location of Tracks	Other
Gage			
Flush or open			
Length			
Distance, wharf edge to closest track...		XXXXXXXXXX	XXXXXXX
Main inland RR connections			

b. Road

Truck access: onto wharf? ; onto apron? _____ ; into shed _____
What main inland points are accessible by road? Lima, Peru.

18. Landmarks

Corrections for sailing directions _____

None. Visibility was poor due to rain.

19. Navigation aids

Corrections for sailing directions and charts _____

S dredging was observed in main channel entrance.

20. General port conditions

Improvements, damage or deterioration noted _____

None.

21. Repairs

a. Was your ship repaired in this port? Yes _____ No
Character of repairs _____

b. Quality of work: Satisfactory _____ Unsatisfactory _____

c. Did you observe other ships undergoing repairs? Yes _____ No _____
Character of repairs _____

d. Estimate of general repair capabilities (complete overhaul, emergency only, etc.) _____

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22. Sea, weather and ice

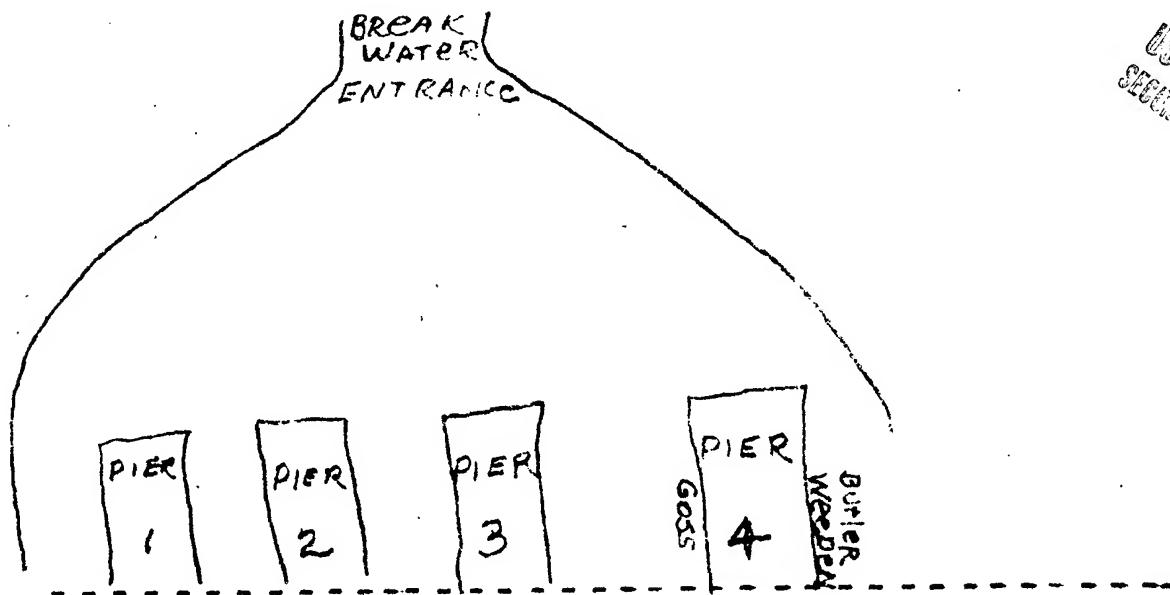
Hazards, difficulties or delays experienced in shiphandling, cargo transfer, or lighter operations due to adverse sea, weather, or ice conditions

Conditions seemed favorable.

23. Berth diagram

If practicable, draw a rough sketch of the berth or wharf used by your vessel.

Pilot Boats



N-O-T-E.

Much merchant shipping was observed in harbor. About 15 10,000 ton ships were in at piers and at quarantine-anchorage. Though ships left daily harbor remained full. Ships were of many nationalities including U.S., British, French, Dutch, Panamanian, Peruvian. Ships were loading cargo as well as discharging cargo. New U.S. automobiles were being unloaded continually.

The following Peruvian naval ships were present: three former US DEs, four frigates, one auxiliary vessel similar to a US AKA, one submarine tender, seemingly very old; possibly pre-war; three small submarines, alongside tender, similar to US K boats; one small light cruiser and several very old sailing type vessels, probably training vessels. Except for tender and submarines which were moored at naval station in inner harbor, the remaining ships were anchored at the south end of the outer harbor. Except for the USS Weeden, Goss, and Butler, no other naval vessels were sighted.

While in port the vessel was visited by Peruvian midshipmen and officers of the Peruvian navy, seemingly very interested in our ships.

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